



GRACEWAY PHARMACEUTICALS

BUILDING A PLATFORM FOR 1,000% GROWTH

QUICK FACTS

Industry

Life sciences – pharmaceuticals

Revenue

US\$400 million

Employees

400

Headquarters

Bristol, Tennessee

Web Site

www.gracewaypharma.com

SAP® Solution and Services

EzPharma, a qualified SAP® Business All-in-One partner solution from Answerthink

Implementation Partners

B4 Consulting Inc. and Answerthink

As a start-up, Graceway Pharmaceuticals LLC used the right business software for a company its size – the SAP® Business One application. After growing 1,000% in a year, however, Graceway needed an application that was right for its new size and capable of supporting even more expansion. By migrating to EzPharma, a qualified SAP Business All-in-One partner solution tailored for the pharmaceuticals industry, Graceway introduced the efficiencies required to support a continuation of its aggressive growth plan.

Key Challenges

- Implement software to support rapid growth
- Complete implementation in 90 days
- Bring distribution process in-house (versus outsourcing) and introduce appropriate IT
- Expand financials functionality significantly
- Improve ability to comply with U.S. FDA and Sarbanes-Oxley Act (SOX) regulations

Implementation Best Practices

- Obtained strong backing from senior management
- Combined talents of proven, flexible, dedicated systems integrators and strong internal IT team
- Built excitement about new functionality within user community
- Used knowledge repository created by B4 Consulting, with hyperlinks to business procedures, workflow diagrams, and system specifications

Financial and Strategic Benefits

- Gained support for 1,000% growth and a wide range of processes
- Established platform for continued expansion well into the future
- Attained FDA validation
- Became positioned for SOX compliance

Why SAP Was Selected

- Excellent prior experiences with SAP® software
- Ability to implement software quickly
- Easy-to-use, user-friendly interfaces
- Support for rapid growth
- The gold standard in the pharmaceutical industry
- Functionality specific to the needs of pharmaceuticals companies

Low Total Cost of Ownership

- Met aggressive schedule and budget goals
- Capitalized on functionality of existing SAP Business One application
- Built reusability into business processes and training materials
- Avoided unplanned downtime
- Kept IT support costs to a minimum
- Built up expertise to perform most customizations internally

Operational Benefits

Key Performance Indicator	Impact
Time to prepare chargeback credit memos	-98%
Time to close month-end books	-70%
Traceability of inventory contents	+100%
Time to determine status of shipments	-90%
User productivity	Substantially improved



“EzPharma supports our aggressive growth plans and positions us well for continued success.”

Thomas Swetnam, Vice President, IT, Graceway Pharmaceuticals LLC

www.sap.com/contactsap

Few companies have grown as fast as Graceway Pharmaceuticals LLC, a specialty pharmaceutical products company based in Bristol, Tennessee. Through a series of acquisitions, Graceway grew from a seven-person startup to a US\$400 million leader in just over a year.

One of Graceway's first moves was to implement the SAP® Business One application for its financials, accounts receivable, and electronic data interchange needs – a task performed in just six weeks by SAP channel partner B4 Consulting Inc. While this software proved to be well suited for the needs of a small company, Graceway did not remain small very long. By the time it completed its third major acquisition in less than a year, Graceway knew it needed business software appropriate to the multihundred million-dollar enterprise it had become. Furthermore, since the last of these acquisitions was a large distribution center, the company needed to begin performing distribution internally rather than outsourcing it – a move that required strong support for distribution processes.

Accommodating the Specific Needs of the Pharmaceuticals Industry

“We wanted a new solution that was based on SAP software but tailored to the unique aspects of the pharmaceuticals industry, and we looked to the SAP partner network and found EzPharma,” says Thomas Swetnam, vice president of IT at Graceway. EzPharma is a qualified SAP Business All-in-One partner solution from another SAP partner, Answerthink.

For the implementation, Graceway engaged both B4 Consulting – because of its excellent previous experience with the consulting firm – and Answerthink, which offered industry and application expertise. The two partners had only three months to complete the implementation, which was complicated by fast-changing requirements from Graceway. “We probably added 200% to our original list of financials features we wanted, but both the software and the people had the flexibility and adaptability to accommodate us,” says Swetnam. “Another factor that helped was that we were migrating from one core SAP application to another. That bred a number of efficiencies.”

Meeting Compliance Requirements

One of Graceway's first tasks with its new solution was to prepare the documentation required to obtain validation from the U.S. Food and Drug Administration (FDA), which imposes many regulations on pharmaceuticals companies. Soon the firm will face another set of documentation requirements: those imposed by Sarbanes-Oxley (SOX) legislation, and the new solution is helping with that as well. With functionality that supports FDA validation and SOX compliance, the qualified SAP Business All-in-One partner solution gave Graceway exactly the tools it needed to stay competitive.

Introducing the Efficiencies a Fast-Growing Company Needs

“The SAP solution was everything we'd hoped it would be – especially for a company of our size and growth rate. All the automation has introduced efficiencies all

throughout our operations,” reports Swetnam. One example is the work the solution has saved in creating charge-back credit memos, which used to consume hours but now takes only a minute or two. Month-end reporting used to take two weeks; it is now done in three days. Tracking the status of shipments, a laborious process in the past, today takes just a few mouse clicks.

“Our users are excited about all the new functionality for making life easier, and they're clamoring for us to automate more functions like purchasing and payroll and to introduce an employee portal for expense reporting,” reports Swetnam. Graceway is building up the expertise required to implement such functionality internally.

Supporting Another 5 to 10 Years of Rapid Growth

“I have no idea how big we'll be in 5 to 10 years, but EzPharma will still be able to support us no matter how much we grow,” Swetnam concludes. “The SAP Business One application was great when we started, and we wouldn't be where we are today without it. However, the new solution is great for the company we are now and will be in the future. We've been very pleased with both applications and highly recommend them.”

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